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BOLIVIAN PRODUCTIVITY AND COMPETITIVENESS PROJECT BPC PROJECT

**Deliverable 8
2010 Annual Report
GDA Operations**

October, 2010

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CONTENT

INTRODUCTION	1
APPROVED OPERATIONS	3
A. CHARACTERISTICS OF THE APPROVED OPERATION	3
B. EXPECTED OUTCOMES	4

BOLIVIAN PRODUCTIVITY AND COMPETITIVENESS PROJECT

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ABBREVIATIONS

BTBC	Bolivia Trade and Business Competitiveness (USAID Project, 2003-2005 first phase, 2005-2009 second phase)
BPC	Bolivian Productivity and Competitiveness Project
ePC/UCB	School of Production and Competitiveness/Bolivian Catholic University
GDA	<i>Global Development Alliance</i>
M&E	Monitoring and Evaluation
MSME	Micro, Small and Medium Enterprise
PAI	Bolivia Amazon Initiative Project
UPEA	Public University of El Alto
USAID	United States Agency for International Development

SECTION I

INTRODUCTION

A. Objectives of GDA and GDA-type operations

One of the objectives of the BPC project is to foster public-private alliances (PPAs), establishing synergies to address institutional and productivity bottlenecks found in the target value chains. These alliances will come together through the joint work of local organizations and other international cooperation programs, with the purpose of achieving outcomes that would otherwise not be possible if done separately or lacking these mechanisms.

Project Funding for GDA Operations

USAID assigned US\$1 million under the BPC Contract for GDA and GDA-type operations to be used to leverage resources for a matching or higher amount during the Project's lifetime, to be implemented during the first three years of the project. Activities in the selected value chains that can be supported with these resources have already been preliminarily identified.

To move forward with the PPAs, initiatives will be identified that help strengthen the impacts and outcomes of the interventions of other USAID projects (El Alto, P-ISA, PAI, and Agriculture), establishing synergies between rural and forestry production with industrial transformation and marketing processes. Initiatives for business and institutional productivity to overcome technological or service limitations within the target value chains will also be identified.

B. Methodologies for implementing GDA operations

Most of the GDA operations of the Project will be awarded through competitive processes, based on the following mechanisms:

- i. Annual public invitation to submit expressions of interest with regard to the predetermined objectives and investment opportunities.
- ii. Request for proposals, for a specific scope as identified and defined by the project's technical team or activity stakeholder.
- iii. Request for proposals with an open scope that ties in with other USAID projects.
- iv. Innovative entrepreneurial ideas contests to generate new management initiatives that solve bottlenecks found at target value chains. Among the institutions invited, participation of financial entities will be encouraged as either private investment funding entities or as participant in joint venture operations.

Furthermore, it is also possible to consider unsolicited proposals that propose initiatives to solve bottlenecks found at the target value chains or an ensemble of MSMEs of those value chains.

The implementation of GDA and GDA-type activities will take place through grants or subcontracts, which follow the procedures established in the project's Service Delivery Fund Manual.

C. Possible areas for GDA operations

Based on the target value chains, the following table shows the possible subject areas that can be supported with GDA operations.

The specific projects will be the outcome of the ideas or initiatives that will be identified as the project takes place.

Industrial Production	Institutionalized Services
<ul style="list-style-type: none"> • Changing agricultural and livestock raw materials to industrially processed foods. • Industrialisation of bio-products coming from non-timber products such as chestnut, cusi, cupuacu, wild and cultivated cacao, and others. • Wood processing for manufacturing transformation. • Processing and industrialisation of llama fiber to make garments and accessories. • Other industrial projects for sustainable camelid livestock breeding. • Improvement and innovation on industrial laundering processes and textile dye. • Production of inputs for wood, textiles and apparel, and food manufacturing. • Product quality improvement processes in any of the value chains. 	<ul style="list-style-type: none"> • Training services to strengthen workforce in wood, textiles and apparel and food manufacturing areas. • Education services to improve management capacities of MSMEs. • Access and use of new information and communication technologies (ICTs) for MSMEs. • Drafting of Bolivian standards of quality. • Innovative projects of Corporate Social Responsibility. • Institutional strengthening to offer corporate development services to MSMEs.

SECTION II

APPROVED OPERATIONS

From October 2009 to September 2010, only one operation was approved, with the Bolivia Catholic University's (UCB) School of Production and Competitiveness (ePC-MpD). This operation to be implemented in the following 3 years has the goal of establishing a *Center of Business Services and Research on MSMEs*, to support enterprises in the city of El Alto.

The resources to be leveraged through this operation are US\$141,193 from the Bolivian Catholic University, and US\$141,137 put forth by USAID, for a combined total of US\$282,330 for the operation.

APPROVED GDA AND GDA-TYPE OPERATIONS
in US\$¹.

VALUE CHAIN	USAID contribution	Counterpart contribution	Total Resources	% Counterpart contribution
A. GDA operations	0	0	0	n.a.
B. GDA-Type operations	141,137	141,193	282,330	50%
- ePC-MpD	141,137	141,193	282,330	50%
TOTAL	141,137	141,193	282,330	50%

A. Characteristics of the approved operation

Based on the objective of setting establishing a *Center of Business Services and Research on MSMEs* in the city of El Alto, the agreement for the operation signed with ePC-MpD has the following specific objectives:

- ✓ Strengthen personnel's capacities of the Public University of El Alto (UPEA) through the ePC scholarship program, with the objective of offering MBAs to 30 faculty members of the UPEA. These scholarships, a GDA-type operation between UCB and the Project, will be public and selected by competition.
- ✓ Increase the academic and professional capacities of the 30 selected faculty members of UPEA, in order for them to be able to lead higher teaching, research efforts, and design new programs for business development for the benefit of the MSMEs of El Alto.
- ✓ Carry on the know-how and knowledge transfer from ePC to UPEA to support the establishment of the *Center of Business Services and Research on MSMEs*.

¹ Official exchange rate of Bs 7.07, to resources committed to operations as Type-GDA, because the contributions are made in Bolivian currency.

BOLIVIAN PRODUCTIVITY AND COMPETITIVENESS PROJECT

The annual implementation of the GDA-type operation will be done according to the following:

Contribution	FY 2010	FY 2011	FY 2012	FY 2013	TOTAL	%
BPC contribution	\$ 17,612	\$ 51,579	\$ 54,595	\$ 17,351	\$ 141,137	50%
Counterpart contribution	\$ 17,616	\$ 51,608	\$ 54,617	\$ 17,352	\$ 141,193	50%
TOTAL	\$ 35,228	\$ 103,187	\$ 109,212	\$ 34,703	\$ 282,330	100%

Based on a continuous assessment of the operation during its implementation, it will be possible to finance up to US\$49,505 (Bs. 350,000) to start the ***Center of Business Services and Research on MSMEs*** of El Alto. The amount will be defined on the estimated installation costs for this investigation and service unit, and will be complemented with the counterpart's contribution of a similar amount.

The implementation of this operation will take place from 2010 through 2013, with the following performance milestones:

First year: Scholarships to 10 faculty members of UPEA for the MBA on MSMEs. During this first year, and as part of the MBA curriculum, technical assistance activities in El Alto will be considered to identify needs from MSMEs. At this stage, ePC and UPEA will begin discussions and collaboration for planning the establishment of the ***Center of Business Services and Research on MSMEs***, as well as begin the transfer of knowledge from ePC to UPEA for the management and implementation of this center.

This process will be dependent on certain institutional agreements being reached that will formalize the commitment of the UPEA to support and contribute as an active partner and in an effective manner that will allow the establishment of the Center.

Second year: Design of a service platform based on the participation of UCB faculty and students of the MBA, supported by USAID during the BCCN2 Project. This design will be shaped and informed by the skills and experience acquired by the initial 10 MBA students, with the overall objective to improve the competitiveness of MSMEs. During the second year, scholarships will be awarded to 20 more faculty members of UPEA. This remaining group will complete the institutional strengthening effort to support the implementation of the ***Center of Business Services and Research on MSMEs***.

Third year: Completion of the establishment ***Center of Business Services and Research on MSMEs***, with the objective of improving the productivity and competitiveness of MSMEs in El Alto.

B. Expected outcomes

The main outcome of this operation will be creation and establishment of the ***Center of Business Services and Research on MSMEs***. To achieve this objective, 30 faculty members of the UPEA will have been competitively selected and trained through MSME-focused MBA programs to then serve as the principal human capital of the Center.

Additionally as a result of these MBAs, 30 MSMEs will be directly supported by assistance provided through assessments and studies carried out by the students as part of their thesis requirements.